

Message Text

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66

ACTION ARA-10

INFO OCT-01 IO-10 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 /115 W

----- 083535

R 261538Z AUG 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 6889

AMEMBASSY GENEVA

USDOC WASHDC

INFO AMCONSUL GUAYAQUIL

UNCLAS QUITO 6260

GENEVA FOR GATT

E.O. 11652: N/A

TAGS: ETRD, EC

SUBJECT: ECUADOR IMPOSES IMPORT DUTY SURCHARGES.

1. ON AUG 22 PRESIDENT GUILLERMO RODRIGUEZ SIGNED DECREE NO. 738 WHICH IMPOSES SURCHARGE UP TO 60 PERCENT ON EXISTING DUTIES FOR CERTAIN IMPORTS. MOVE IS INTENDED TO HELP REDRESS ADVERSE TRADE BALANCE, WHICH HAS RISEN TO NEGATIVE US\$170 MILLION IN FIRST SIX AND ONE HALF MONTHS OF 1975. (DECREE IS ONE OF SEVERAL ECONOMIC MEASURES TAKEN OVER WEEKEND, NONE OF WHICH ARE ENTIRELY CLEAR IN PHRASEOLOGY OR MEANING).

PRINCIPAL STIPULATIONS OF DECREE ARE AS FOLLOWS:

2. LIST I (CAPITAL GOODS AND ITEMS CONSIDERED ESSENTIAL SUCH AS RAW MATERIALS, AGRICULTURAL AND INDUSTRIAL MACHINERY); AMOUNT OF SURCHARGE IS IN INVERSE PROPORTION TO PAYMENT SCHEDULE, AS FOLLOWS:

METHOS OF PAYMENT	PERCENTAGE SURCHARGE (CIF VALUE)
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MORE THAN 360 DAYS 0

271 TO 360 DAYS	5
181 TO 270 DAYS	10
91 TO 180 DAYS	15
UP TO 90 DAYS	20
SIGHT DRAFT	25
ADVANCE PAYMENT	PROHIBITED

PAYMENT OF SURCHARGE IS TO BE MADE TO CENTRAL BANK UPON RECEIPT OF IMPORT LICENSE.

3. LIST II (NON-ESSENTIAL AND LUXURY IMPORTS, E.G. PRIVATE VEHICLES, DOMESTIC APPLIANCES, CLOTHING, ALCOHOLIC BEVERAGES): ACROSS-THE-BOARD SURCHARGE OF 60 PERCENT OF CIF VALUE, EFFECTIVE IMMEDIATELY. SURCHARGE ON FUTURE IMPORTS WILL BE COLLECTED BY CENTRAL BANK AT TIME OF BANK'S APPROVAL OF IMPORTATION OR UPON RETURN OF SUCRE AMOUNT DEPOSITED IN EXCHANGE FOR FOREIGN CURRENCY REQUIRED TO PAY EXPORTER.

4. EXEMPT FROM NEW SURCHARGES ARE IMPORTS COVERED UNDER NATIONAL LIST OF ECUADOR; LIST OF NON-EXTENSIVE CONCESSIONS GRANTED TO PARAGUAY; MERCHANDISE ENTERING UNDER ANDEAN PACT REGULATIONS; AND UNDER RECENT DECREES, EXEMPTING SUCH ITEMS AS TAXIS AND ORTHOPEDIC EQUIPMENT.

5. COMMENT: SURCHARGE IS EXPECTED TO BE TEMPORARY PHENOMENON, UNTIL SUCH TIME AS RENEWED PETROLEUM EXPORT REVENUE REVERSES TRADE BALANCE. NO ONE SHOULD VENTURE PREDICTION, HOWEVER, AS TO WHEN THAT WILL BE. TEXT OF DECREE WILL BE REPORTED VIA SEPARATE AIRGRAM.

6. TEXT OF DECREE WAS PUBLISHED IN LOCAL PRESS AUGUST 25. INITIAL REACTION OF QUITO BUSINESS COMMUNITY SEEMS TO BE THAT RESTRAINTS ON IMPORTS, WHILE PERHAPS NECESSARY IN VIEW OF CURRENT-ACCOUNT DEFICIT, SHOULD BE MORE SELECTIVE THAN UNCLASSIFIED

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THOSE IMPOSED BY THE NEW DECREE, AND IN ANY CASE SHOULD NOT APPLY TO CAPITAL GOODS AND RAW MATERIALS. MORNING PRESS AUGUST 26 CARRIES LARGE ADVERTISEMENT BY QUITO CHAMBER OF COMMERCE WHICH CALLS FOR RETRACTION OF VIRTUALLY ALL OF THE DECREE, AND VEHEMENTLY CRITICIZES SEVERAL ASPECTS OF GOE ECONOMIC POLICIES. FULL TEXT OF AD BEING REPORTED SEPARATELY.
BREWSTER

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Message Attributes

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Draft Date: 26 AUG 1975
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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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TAGS: ETRD, EC
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